

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

**UNIVERSAL SERVICE ADMINISTRATIVE COMPANY**

---

Federal Universal Service Support Mechanisms Quarterly  
Contribution Base for the First Quarter 2003

UNIVERSAL SERVICE  
ADMINISTRATIVE COMPANY  
2120 L STREET N.W., SUITE 600  
WASHINGTON, DC 20037  
VOICE: 202.776.0200  
FAX: 202.776.0080  
[www.universalservice.org](http://www.universalservice.org)

December 2, 2002

# TABLE OF CONTENTS

---

INTRODUCTION .....	1
CONTRIBUTION BASE .....	2
3Q02 REVENUE BASE TO BE USED FOR 1Q03 CONTRIBUTIONS .....	3
CONCLUSION.....	5

# APPENDICES

---

TELECOMMUNICATIONS ENTITIES WHO REPORTED ON FORM 499-Q AS OF NOVEMBER 25, 2002 .....	M05
---	-----

**BEFORE THE FEDERAL COMMUNICATIONS COMMISSION**  
**WASHINGTON, DC 20554**  
**FEDERAL UNIVERSAL SERVICE SUPPORT MECHANISMS**  
**FUND SIZE QUARTERLY CONTRIBUTION BASE FOR THE**  
**FIRST QUARTER 2003**

---

***INTRODUCTION***

---

The Universal Service Administrative Company (USAC) is the not-for-profit corporation responsible for administering the federal universal service support mechanisms: High Cost, Low Income, Rural Health Care, and Schools and Libraries Universal Service Support Mechanisms.<sup>1</sup> USAC also performs the billing, collection, and disbursement functions for all of these universal service support mechanisms.

USAC submits the contribution base amount to be used for the first quarter of calendar year 2003 (1Q2003), in accordance with Section 54.709 of the Federal Communications Commission's (FCC or Commission) rules.<sup>2</sup> USAC is filing this contribution base under the Commission's *Contribution Methodology Order* issued on March 14, 2001.<sup>3</sup> Consistent with that order, USAC filed the federal Universal Service Support Mechanisms fund size and administrative cost projections for 1Q2003 on November 1, 2002.

---

<sup>1</sup> See Changes to the Board of Directors of the National Exchange Carrier Association, Inc., CC Docket No. 97-21, Federal-State Joint Board on Universal Service, CC Docket No. 96-45, *Third Report and Order in CC Docket No. 97-21, Fourth Order on Reconsideration in CC Docket No. 97-21 and Eighth Order on Reconsideration in CC Docket No. 96-45*, FCC 98-306, 63 Fed. Reg. 70564 (rel. Dec. 21, 1998); Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Low-Volume Long Distance Users, Federal-State Joint Board on Universal Service, CC Docket No. 96-262, 94-1, 99-249, 96-45, *Sixth Report and Order in CC Docket Nos. 96-262 and 94-1, Report and Order in CC Docket No. 99-249, Eleventh Report and Order in CC Docket No. 96-45*, FCC 00-103 (rel. May 31, 2000) (*CALLS Order*); Federal-State Joint Board on Universal Service, Promoting Deployment and Subscribership in Unserved and Underserved Areas, Including Tribal and Insular Areas, CC Docket No. 96-45, *Twelfth Report and Order and Further Notice of Proposed Rulemaking*, FCC 00-208 (rel. June 8, 2000) (*Tribal Lands Order*); Federal-State Joint Board on Universal Service, Petition for Reconsideration filed by AT&T, CC Docket No. 96-45, *Report and Order and Order on Reconsideration*, FCC 01-85 (March 14, 2001) (*Contribution Methodology Order*).

<sup>2</sup> 47 C.F.R. § 54.709(a)(3); see also *Contribution Methodology Order* ¶¶ 10-13.

<sup>3</sup> *Id.*

Upon approval of the universal service support mechanisms' quarterly funding requirements, projected administrative expenses, and contribution base, the Commission will establish a quarterly contribution factor. USAC will then bill contributors on a monthly basis for their individual obligations based on the approved contribution factor. USAC will collect and distribute the funds to eligible recipients based on the schedules included in the November 1, 2002, filing.

---

## ***CONTRIBUTION BASE***

---

USAC currently collects quarterly interstate and international revenue information from carriers on the FCC Form 499-Q<sup>4</sup> four times each year and submits aggregate information on a quarterly basis to the FCC (March 2, June 1, September 1, and December 2).

Carriers also file FCC Form 499-A in April of each year to report their annual revenues from the prior year. USAC will use the revenue data provided by carriers in the FCC Form 499-A to perform annual true-ups to the quarterly revenue data submitted by carriers on FCC Form 499-Q during the prior calendar year.<sup>5</sup> As necessary, USAC will then refund or collect from carriers any over-payments or under-payments. If the combined quarterly revenues reported by a carrier (on its Form 499-Qs) are greater than those reported on its annual revenue report (Form 499-A), then a refund will be provided to the carrier based on an average of the two lowest contribution factors for the year. If the combined quarterly revenues reported by a carrier are less than those reported on its annual revenue report (Form 499-A), then USAC shall collect the difference from the carrier using an average of the two highest contribution factors from that year.<sup>6</sup>

---

<sup>4</sup> The Form 499-Q includes a box for each of the quarterly filing submissions. Carriers check the appropriate box to indicate the quarter for which revenue information is being reported.

<sup>5</sup> In addition, carriers will be allowed an opportunity to file a revised Form 499-Q prior to the filing date of the next Form 499. All adjustments are made in the quarter following the acceptance of the revised filing.

<sup>6</sup> *Contribution Methodology Order* ¶ 12.

Carriers filed the Form 499-Q with third quarter 2002 revenue information on November 1, 2002. By December 2, 2002, USAC is required to file revenue data based on the November 1 carrier filings.<sup>7</sup> Using this revenue data and the projected program demand data supplied by USAC in its November 1, 2002, report to the FCC, the Commission will calculate and issue the universal service contribution factor for 1Q2003.<sup>8</sup>

Form due dates, revenue data that is required to be reported, and the invoicing time period for the next year are summarized below:

<b>FCC Form 499-Q Due Date:</b>	<b>Revenue Reported on Form:</b>	<b>Utilized to meet USF contributions:</b>
February 1, 2003	4Q: October – December 2002	2Q: April – June 2003
April 1, 2003	Annual: January – December 2002	July 2003 True-up
May 1, 2003	1Q: January – March 2003	3Q: July – September 2003
August 1, 2003	2Q: April – June 2003	4Q: October – December 2003
November 1, 2003	3Q: July – September 2003	1Q: January – March 2004

Telecommunications providers qualifying for the *de minimis* exemption from contribution requirements do not need to complete the Form 499-Q.<sup>9</sup> However, for providers required to contribute to the universal service support mechanisms, the Form 499-Q must be submitted by the beginning of the second month in each quarter.

---

### ***THIRD QUARTER 2002 REVENUE BASE TO BE USED FOR FIRST QUARTER 2003 CONTRIBUTIONS***

---

The total interstate and international end-user revenue base to be used in determining the contribution factor for the Universal Service Support Mechanisms for 1Q2003 is \$18,705.408 million. Approximately 4,890 FCC Forms 499-Q were distributed to carriers in late September 2002. Interstate telecommunications service providers were required to complete this form

---

<sup>7</sup> 47 C.F.R. § 54.709(a).

<sup>8</sup> 47 C.F.R. § 54.709(a). USAC is required to file projected program demand data at least 60 days prior to the start of a quarter and total contribution base revenue data at least 30 days prior to the start of a quarter.

reporting July – September 2002 revenue information, and return it by November 1, 2002. USAC has received complete revenue data from 2,537 (2,154 contributors, 383 *de minimis*) carriers.<sup>10</sup>

The funding base for 1Q2003 is developed from the revenues for the third quarter 2002 that were reported by carriers in November 2002. As of November 25, 2002, USAC has yet to receive information from 206 telecommunications service providers that had previously submitted information to USAC. For the FCC's review of the 1Q2003 funding base for the support mechanisms, USAC includes estimated revenues based on prior submissions for those carriers that failed to submit a Form 499-Q.<sup>11</sup> USAC includes the total support collected for the third quarter of 2002 so that the FCC can establish the contribution factor in accordance with its order released on February 26, 2002.<sup>12</sup> USAC will apply actual amounts collected for individual carriers in calculating their contribution obligation in the first quarter of 2003. Accordingly, USAC estimates that the amount of support collected in the third quarter of 2002 was \$1,302.320 million.

---

<sup>9</sup> See 47 C.F.R. § 54.708.

<sup>10</sup> Approximately 3,637 carriers identified themselves as *de minimis* on the April 1, 2002 Form 499-A as of October 5, 2002. Those carriers are not included in the revenue base calculation. The USAC Board of Directors adopted a late filing penalty, consistent with 47 C.F.R. § 54.713, at its October 1998 meeting and ratified at its October 26, 1999, meeting to be applicable to the FCC Form 499-Q and 499-A data collections. Companies not submitting their FCC Form 499-Q or 499-A by the due date are subject to a late filing penalty calculated at a rate of .005 percent applied to their total contribution base revenue with a minimum penalty of \$100 and a maximum penalty of \$5,000. This penalty was effective beginning with the March 1, 1999, FCC Form 457 data collection. From January 1, 2002 through October 31, 2002 USAC has assessed \$115,256.69 in late filing penalties.

<sup>11</sup> 47 C.F.R. § 54.709(d).

<sup>12</sup> Federal-State Joint Board on Universal Service, CC Docket No. 96-45, 1998 Biennial Regulatory Review – Streamlined Contributor Reporting Requirements Associated with Administration of Telecommunications Relay Service, North American Numbering Plan, Local Number Portability, and Universal Service Support Mechanisms, CC Docket No. 98-171, Telecommunications Services for Individuals with Hearing and Speech Disabilities, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, Administration of the North American Numbering Plan and North American Numbering Plan Cost Recovery Contribution Factor and Fund Size, CC Docket No. 92-237NSD File No. L-00-72, Number Resource Optimization, CC Docket No. 99-200, Telephone Number Portability, CC Docket No. 95-116, Truth-in-Billing and Billing Format, CC Docket No. 98-170, *Further Notice of Proposed Rulemaking and Report and Order*, FCC 02-43 (February 26, 2002) (*Circularity and ID Consolidation Order*).

Appendix M05 provides a list of companies that have filed the November 1, 2002 Form 499-Q data collection as of November 25, 2002.

---

## ***CONCLUSION***

---

On October 22, 2002, USAC's Board of Directors passed a resolution authorizing the 1Q2003 contribution base requirement described herein.

Respectfully submitted,

UNIVERSAL SERVICE  
ADMINISTRATIVE COMPANY

---

Cheryl L. Parrino, Chief Executive Officer  
D. Scott Barash, Vice President and General Counsel  
Mark Carmichael, Vice President, Finance

2120 L Street N.W., Suite 600  
Washington, DC 20037  
Voice: 202.776.0200  
Fax: 202.776.0080

December 2, 2002